

BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: April 21, 2004

Division: Management Services

Bulk Item: Yes X No

Department: Risk Management

AGENDA ITEM WORDING: Approval to accept proposal from Marsh USA for Property Insurance package through Lexington Insurance Company and Landmark American Insurance Company at a premium of \$392,260.

ITEM BACKGROUND: Provides replacement cost property insurance coverage for county buildings, contents, communication towers and contractors equipment with a current value of \$91,543,519. Per County purchasing requirements this was put out to bid and the recommended proposal is the lowest of two bidders.

PREVIOUS RELEVANT BOCC ACTION: Approval to bid this coverage at 11/19/03 Board Meeting

CONTRACT/AGREEMENT CHANGES: This proposal results in a premium reduction of \$47,682 or nearly 11% from previous year. Boiler & Machinery coverage was removed from the package and is being treated as a separate coverage. This allowed for brokers to be more aggressive in their bids and was instrumental in obtaining this significant premium reduction.

STAFF RECOMMENDATIONS: Approval

TOTAL COST: \$392,260

BUDGETED: Yes x No

COST TO COUNTY: \$392,260

SOURCE OF FUNDS: primarily ad valorem

REVENUE PRODUCING: Yes No x **AMOUNT PER MONTH** **Year**

APPROVED BY: County Atty SA OMB/Purchasing JB Risk Management RW

DIVISION DIRECTOR APPROVAL:

Sheila A. Barker
SHEILA BARKER

DOCUMENTATION: Included x To Follow Not Required

DISPOSITION:

AGENDA ITEM # C33

MONROE COUNTY
2004/2005 PROPERTY RENEWAL
OVERVIEW OF PROPOSALS

	Current Program	Marsh Option 1	Marsh Option 2	Arthur J. Gallagher
Insurer(s)	Lexington Ins. Co. Allied World Assurance Co. Landmark American Insurance Co.	Lexington Ins. Co. Landmark American Insurance Co.	Lexington Ins. Co. Essex Insurance Co. Landmark American Insurance Co.	Nutmeg Ins. Co. Axis Surplus Ins. Co..
A.M. Best Rating	Lexington - A ++ Allied - A Landmark - A-	Lexington - A ++ Landmark - A-	Lexington - A ++ Essex - A Landmark - A-	Nutmeg - A + Axis - A
Insured Values	Buildings - \$70,068,154 Contents - \$8,408,597 EDP Equip - \$6,235,041 Surveillance Equip. - \$302,727 Contractors Equip - \$2,716,000 Towers - <u>\$3,813,000</u> Total - \$91,543,519	Buildings - \$70,068,154 Contents - \$8,408,597 EDP Equip - \$6,235,041 Surveillance Equip. - \$302,727 Contractors Equip - \$2,716,000 Towers - <u>\$3,813,000</u> Total - \$91,543,519	Buildings - \$70,068,154 Contents - \$8,408,597 EDP Equip - \$6,235,041 Surveillance Equip. - \$302,727 Contractors Equip - \$2,716,000 Towers - <u>\$3,813,000</u> Total - \$91,543,519	Buildings - \$70,068,154 Contents - \$8,408,597 EDP Equip - \$6,235,041 Surveillance Equip. - \$302,727 Contractors Equip - \$2,716,000 Towers - <u>\$3,813,000</u> Total - \$91,543,519
Basic Policy Limits	Lexington - \$3 million po \$5 million Allied - \$2 million po \$5 million Landmark - \$86,544,519	Lexington - \$5 million Landmark - \$86,544,519	Lexington - \$5 million Essex \$5 million Landmark - \$81,544,519	Nutmeg - \$5 million Axis - \$86,544,519
Sub-limits				
Flood	\$5 million	\$5 million	\$10 million	\$5 million
Wind	\$5 million	\$5 million	\$10 million	\$91,543,519
Transit	\$5 million	\$5 million	\$5 million	\$91,543,519
Newly Acquired Property	\$500,000	\$500,000	\$500,000	\$100,000
Law and Ordinance	\$500,000	\$1 million	\$1 million	No Coverage
Deductibles				
Locations with values under \$250,000	\$50,000	\$50,000	\$50,000	\$50,000
Locations with values over \$250,000	\$100,000	\$100,000	\$100,000	\$100,000
Wind and Hail	\$1 million	\$1 million	\$1 million	\$1 million
Flood	5% subject to a \$1 million minimum	5% subject to a \$1 million minimum	5% subject to a \$1 million minimum	5% subject to a \$1 million minimum
Contractors Equipment	\$5,000 except \$50,000 for wind	\$5,000 except \$50,000 for wind	\$5,000 except \$50,000 for wind	\$50,000 if valued under \$250,000, \$100,000 if valued over \$250,000

MONROE COUNTY
2004/2005 PROPERTY RENEWAL
OVERVIEW OF PROPOSALS

	Current Program	Marsh Option 1	Marsh Option 2	Arthur J. Gallagher
Communication Towers	\$5,000 except \$50,000 for wind	\$5,000 except \$50,000 for wind	\$5,000 except \$50,000 for wind	\$50,000 if valued under \$250,000, \$100,000 if valued over \$250,000
EDP and Surveillance Equip.	\$5,000 except \$50,000 for wind	\$5,000 except \$50,000 for wind	\$5,000 except \$50,000 for wind	\$50,000 if valued under \$250,000, \$100,000 if valued over \$250,000
Coverage Form	All Risk	All Risk	All Risk	All Risk
Settlement Basis				
Real & Personal Property	Replacement Cost	Replacement Cost	Replacement Cost	Replacement Cost
Co-insurance	Waived	Waived	Waived	Waived
Premium	Lexington - \$222,770 Allied - 148,514 <u>Landmark - 68,658</u> Total - \$439,942	Lexington - \$332,260 <u>Landmark - 60,000</u> Total - \$392,260	Lexington - \$332,260 Essex - 75,000 <u>Landmark - 50,000</u> Total - \$457,260	Nutmeg - \$384,500 <u>Axis - 140,000</u> Total - \$524,500
Comments	Landmark American replaced Royal as insurer mid-term	If terrorism coverage is selected the following additional premiums would apply Lexington - \$23,100 <u>Landmark - \$1,800</u> Total - \$24,900	If terrorism coverage is selected the following additional premiums would apply Lexington - \$23,100 Essex - \$7,500 <u>Landmark - \$1,800</u> Total - \$32,400	If terrorism coverage is selected the following additional premiums would apply Nutmeg - \$57,675 <u>- \$14,000</u> Total - \$71,675

Monroe County, Florida

Property Proposal Option 1

Effective Date: 5/1/2004 to 5/1/2005

Interests Covered:

- Real and Personal Property
- EDP Equipment
- Contractors Equipment
- Communications Towers

Perils Covered: Risks of direct physical damage or loss including flood and earthquake subject to policy exclusions.

Locations: Per the schedule of locations and values on file with the Carrier

Limits of Liability: \$91,543,519. Per Occurrence

Breakdown of Values:	Buildings	\$70,068,154
	Contents	\$8,408,597
	Electronic Data Processing Equipment	\$6,235,041
	Surveillance Equipment	\$302,727
	Towers	\$3,813,000
	Contractors Equipment	<u>\$2,716,000</u>
	Total	\$91,543,519

Valuation:

- Agreed Amount/Replacement Cost

\$1,000,000	Building Ordinance, Demolition & Increased Cost of Construction
\$ 100,000	Miscellaneous Unnamed locations
\$ 100,000	Exhibition, Exposition, Fair or Trade Show
\$ 100,000	Property in the Course of Construction (Applicable to existing buildings)
\$ 25,000	Pollutant Clean Up & Removal – Annual Aggregate
\$ 25,000	Radioactive Contamination
\$ 25,000	Expediting Expense
\$ 25,000	Defense Costs
\$ 25,000	Protection of Property
\$ 5,000	Fire Department Service Charges
\$ 50,000	Royalties
\$ 50,000	Leasehold Interest
\$ 25,000	Extra Expense
\$5,000,000	Occurrence and annual aggregate for flood
\$5,000,000	Occurrence and annual aggregate for earthquake
\$5,000,000	Occurrence and annual aggregate for Wind and hail.

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Monroe County, Florida

Property Proposal Option 1 (continued)

- Deductibles:**
- \$50,000 on Building & Contents less than \$250,000 in value
 - \$100,000 on Building & Contents greater than \$250,000 in value
 - \$100,000 Earthquake
 - \$1,000,000 per occurrence per location for wind /hail
 - \$5,000 per occurrence for Electronic Data Processing Equipment except \$50,000 for wind/hail
 - \$5,000 per occurrence for contractors equipment except \$50,000 for wind/hail
 - \$5,000 per occurrence for towers (except for flood & earthquake) except \$50,000 for wind/hail
- Flood Deductibles:**
- a) 5% of the TIV's at each location involved in loss or damage, subject to \$1,000,000 minimum any one occurrence for locations wholly or partially within the Special Flood Hazard Areas (SFHA) or areas of 100 - year flooding
 - b) 5% of the TIV's at each location involved in loss or damage subject to \$100,000 minimum any one occurrence for flood loss or damage from named storms
 - c) 5% of the TIV's at each location involved in loss or damage subject to \$25,000 minimum per occurrence & \$100,000 maximum any one occurrence
- Coverage To Include:**
- Real & Personal Property
 - EDP
 - Towers
 - Surveillance Equipment
 - Contractors Equipment
 - \$25,000 Sublimit Extra Expense
 - Transit
 - Accounts Receivable
 - Fire Brigade charges & other extinguishing expenses
 - Debris Removal
 - \$1,000,000 Sublimit Demolition & Increased Cost of Construction
 - Expediting Expenses
 - Loss Adjustment Reasonable Expenses
 - Unintentional Errors or Omissions
 - \$500,000 Sublimit Newly acquired property
 - Consequential Loss
 - Civil or Military Authority for a period not to exceed 30 days
 - Ingress / Egress with 60 day limitation
 - Defense Costs
 - 90 day notice of non - renewal, increase in rates, restrictions in coverage
 - 90 day notice of cancellation / 10 days for non-payment
 - Joint Loss Agreement

Monroe County, Florida

Property Proposal Option 1 (continued)

Notice of Loss:

Notice of Loss shall be given to the insurer as soon as practicable following receipt of notice of the claim by the Risk Manager of Monroe County, Florida.

Exclusions:

(Included but not limited to):

- Fraudulent or dishonest acts
- Faulty design or specifications, materials or workmanship
- Artificially generated electrical currents
- Mechanical Breakdown
- Explosion, rupture or bursting of steam boilers, pipers, turbines Or engines
- Errors in processing or manufacturing of the insured's product
- Wear & Tear, or gradual deterioration
- Normal settling or shrinkage of walls, floors or ceilings
- Loss of Market, business interruption or extra expense loss due to Delay with respect to property in transit
- Nuclear reaction, Nuclear radiation or radioactive contamination
- Hostile or warlike actions including but not limited to rebellion Revolution, civil war usurped power or action taken by Governmental authority
- Money and securities
- Land, Land values and Impounded Water
- Growing corps, standing timer and animals expect for research
- Watercraft, aircraft and motor vehicles
- Waterborne shipments to and from Puerto Rico, the Virgin Islands, Hawaii and Alaska and via the Panama Canal
- Export shipments after loading on board an overseas vessel or after ocean marine insurance attaches
- Import shipments prior to discharge from the overseas vessel or until the ocean marine insurance terminates
- Pollution
- Asbestos
- Policy Authors Clause on Manuscript Form
- Full Waiver Clause on Manuscript Form
- Terrorism
- Increase of loss due to suspension, lapse or cancellation of any lease, license, contract or order
- Increase of loss due to interference at premises by strikers or other persons with rebuilding, repairing or replacing the property damaged or destroyed with the resumption or continuation of business or with the re-occupancy of the premises
- Seepage
- Year 2000
- Fines , Penalties & expenses imposed by order of a government agency

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Monroe County, Florida

Property Proposal Option 1 (continued)

Minimum Earned Premium: 35%

Loss Reports: Quarterly

Waiver of Subrogation: The standard policy wording involving subrogation is modified to remove subrogation between the county & entities owned, managed or required to be removed by agreement contract or lease including interlocal and other governmental agencies.

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Monroe County, Florida

Property Program for 2004-2005 Option 1

Landmark American	Premium
\$86,543,519 excess \$5,000,000	
Excluding, Flood, Earthquake, Wind/Hail	\$60,000
Lexington / AWAC	
\$5,000,000 Limit	
See Deductibles in Proposal	
Including Flood, Earthquake, Wind/Hail	\$332,260
Total:	\$392,260

Optional TRIA premiums:

Primary - \$23,100

Excess - \$1,800